DMF 40 (11-04)

November 24, 2004

Liquid Fuels and Fuels Tax

Bulletin No. 2004-1

Re: 2005 Tax Rates for Aviation Gasoline and Jet Fuel,
2005 Tax Rates for Liquid Fuels and Fuels, and
Dyed Diesel/Kerosene Use Prohibited for Certain Buses

To All PA Registered Distributors:

The PA Department of Revenue will publish motor fuel tax rates for 2005 in the December 2004 issue of the Pennsylvania Bulletin. Aviation fuel tax rates will change as follows:

- 4.1 to 4.7 cents per gallon for aviation gasoline, and
- 1.8 to 2.0 cents per gallon for jet fuel.

The 2005 Oil Company Franchise Tax rates will change from current levels to 18.0 cents per gallon for liquid fuels, and 24.4 cents per gallon for fuels. Therefore, the combined 2005 Liquid Fuels and Fuels Tax and Oil Company Franchise Tax rates will be:

- $ .300 per gallon for liquid fuels (i.e. gasoline and gasohol), and
- $ .364 per gallon for fuels (i.e. undyed diesel and undyed kerosene).

Pennsylvania registered distributors filing Liquid Fuels and Fuels Tax reports electronically, using the Department's e-TIDES application, will automatically have the rates changed for 2005 tax periods beginning with the January period. Questions regarding e-TIDES should be directed to Ms. Carol Vogelsong at (717) 787-3644.

The above rates are effective January 1, 2005, and apply to tax periods in calendar year 2005. The new rates will be indicated on future Liquid Fuels and Fuels Tax Report forms issued by the Department.

Also, effective January 1, 2005, federal regulations relating to the use of dyed diesel and kerosene were changed by eliminating the provision that allows persons operating qualified intercity buses, including charter operations, to use dyed fuel. Consequently, and as of January 1, 2005, such buses must use undyed diesel/kerosene for operations on Pennsylvania highways. Pursuant to our Motor Carriers Road Tax all such operations are deemed fully taxable, and should be reported as such on Quarterly IFTA Fuel Tax Reports and Schedules.

Earl F. (Jack) Crago, III
Director